

CHRISTINE O. GREGOIRE  
Director



STATE OF WASHINGTON  
DEPARTMENT OF ECOLOGY

Mail Stop PV-11 • Olympia, Washington 98504-8711 • (206) 459-6000

August 22, 1989

Mr. Dean Fowler  
Colbert Landfill Project Manager  
Spokane County Public Works Building  
811 N. Jefferson Street  
Spokane, Washington 99260-0180

RE: Taxes for Work on Hazardous Waste Cleanup Sites (Colbert Landfill)

Dear Dean:

Enclosed please find two memos from the Washington State Department of Revenue. One is a transmittal memo and the other is a Department of Revenue policy memo. The policy memo is in regards to state sales tax and Business and Occupation (B&O) tax for work done at hazardous waste cleanup sites, such as the Colbert Landfill.

The policy memo states that labor and services provided by consultants or contractors at a site, is subject only to the B&O tax, and not the state sales tax. Equipment (tangible personal property) purchased by consultants or contractors and consumed during the project (eg. pipes, pumps, drums, concrete, bentonite, etc.) is subject to the retail sales tax.

If you have any questions, give me a call at (206)438-3043 or SCAN 585-3043. I may have to put you in contact with someone else who knows more about the tax issue than I do. Hope things are going well for you these days.

Sincerely,

*Mike Blum*

Mike Blum  
Landfill Site Cleanup Section  
Hazardous Waste Investigations and  
Cleanup Program

MB:clr  
Enclosures

cc: Larry Beard, Landau Associates  
Neil Thompson, EPA  
Jim Emacio, Esq., Spokane County

COLSF  
Colbert 9.1 VI

RECEIVED  
AUG 23 1989  
SUPERFUND BRANCH

USEPA SF  
1414035

WILLIAM R. WILKERSON  
Director  
(206) 753-5540  
FAX (206) 586-5543



STATE OF WASHINGTON  
DEPARTMENT OF REVENUE  
*Olympia, Washington 98504-0090 MS-AX-02*

Date: July 19, 1989  
To: Carol Fleskes, Program Manager  
Hazardous Waste Investigations and Clean-up  
Department of Ecology  
From: Donn Smallwood, Assistant Director, Research & Planning *DS*  
Subject: Hazardous Waste Cleanup Contracts

In April you were kind enough to provide us with information on the direct activities associated with the physical cleanup of a hazardous waste site. Based substantially on that information the Department of Revenue has adopted a new policy which deals with the taxability of contracts for such activity. A copy of the policy is attached. We have alerted all of our employees about the policy and will also be issuing a press release for the media.

It is our hope that the policy will eliminate any confusion that may have existed within the industry and encourage and facilitate rapid and thorough remedial action to clean up hazardous waste sites. Thank you for your input. If you have any questions, please call me at 586-3505.

cc: Sandi Swarthout, Deputy Director, Tax Policy & Administration  
Ed Faker, Interpretation & Appeals  
Terry Husseman, Assistant Director, Department of Ecology  
Jim Pharris, AAG, Department of Ecology  
Mike Gallagher, Industrial Site Cleanup, Department of Ecology





STATE OF WASHINGTON

## DEPARTMENT OF REVENUE

(Olympia, Washington 98504-1090) MS-41-02

### REVENUE POLICY MEMORANDUM NO. 89-1 HAZARDOUS WASTE CLEANUP

#### A STATEMENT OF PURPOSE AND INTENT WITH RESPECT TO THE TAXABILITY OF HAZARDOUS WASTE CLEANUP CONTRACTS

The Department of Revenue is aware of existing and contemplated contracts calling for the removal of toxic and hazardous waste from sites located in this state designated as "hazardous waste sites" under the federal Superfund law or the Model Toxics Control Act of this state, and for the restoration of lands and waters located at such sites. Such contract specifications entail the performance of business activities which individually fall within various tax classifications of the Revenue Act, Title 82 RCW. However, the business activity of hazardous waste cleanup has not been expressly tax classified under statutory law. Thus, the Department of Revenue has consulted with the Department of Ecology to ascertain the need for uniform and definitive tax administration policy respecting these critical environmental concerns.

#### STATEMENT OF POLICY

It is and shall be the policy of the Department of Revenue that the tax laws of this state should be administered in such a manner as to encourage and facilitate rapid and thorough remedial action to reclaim the lands and waters of this state which have been despoiled, toxified, contaminated, or otherwise made hazardous to human health and the environment. The administration of such tax laws should not prevent, inhibit, impede, or otherwise burden such remedial action or the restoration of such natural resources.

#### PROCEDURES

Accordingly, and absent legislation to the contrary, gross receipts derived from hazardous waste cleanup contracts calling for physical cleanup, treatment, disposal, recycling, and related activities pertinent to remedial actions at officially designated hazardous waste sites within this state are subject to business and occupation tax under the classification, service and other business activities (RCW 82.04.290). This classification is applicable for both prime contractors and subcontractors who provide labor and services in respect to such hazardous waste cleanup contracts.

All such persons are taxable as "consumers" under RCW 82.04.190 with respect to tangible personal property they use or apply in the performance of such contracts. The retail sales tax of chapter 82.08 RCW or the use tax of chapter 82.12 RCW shall apply to the purchase or use of tangible personal property by both prime and subcontractors engaged in the performance of such contracts. These tax reporting procedures do not apply with respect to contracts or gross receipts allocable to the removal of low level radioactive waste or the hauling for hire of waste or hazardous materials, or any other activity which has been expressly tax classified under Title 82 RCW.

#### PROSPECTIVE EFFECT

This policy statement is effective on the date shown below and has no retroactive application for any contract or gross receipts. It shall continue to have full force and effect unless and until it is revoked and rescinded in writing or preempted by duly enacted statutory law.

DATED THIS 18 DAY OF July, 1989.

STATE OF WASHINGTON DEPARTMENT OF REVENUE

BY: *John H. ...*

TITLE: *Deputy Director*

RPM 89-1. ET. HAZARDOUS WASTE CLEANUP CONTRACTS. 7/18/89